

## Message Text

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ACTION EA-09

INFO OCT-01 EUR-12 NEA-10 ISO-00 FEA-01 ERDA-05 AID-05

CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00 EB-07 FPC-01

H-02 INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04

USIA-06 SAM-01 OES-03 SP-02 SS-15 STR-04 TRSE-00 PA-01

PRS-01 ( ISO ) W

----- 128073

R 061940Z JAN 76

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 6591

INFO AMEMBASSY BANGKOK

AMEMBASSY SINGAPORE

AMCONSUL HONG KONG

AMEMBASSY ALGIERS

C O N F I D E N T I A L PARIS 0361

E.O. 11652: XGDS-1

TAGS: EEWT, ENRG, VN, US

SUBJECT: FRENCH VIEWS ON DRV PETROLEUM POLICY

REF: BANGKOK 0158

1. QUAI DESK OFFICER FOR VIETNAM TOLD EMBOFF THAT FRENCH EMBASSY IN HANOI HAS REPORTED THAT ONE OF THE PRINCIPAL SUBJECTS REAISED BY THE DRV WITH CODEL MONTGOMERY WAS PETROLUUM. THE DRV MADE IT VERY CLEAR THAT ITS PRINCIPAL IMMEDIATE GOAL VIS-A-VIS THE US WAS THE LIFTING OF THE US TRADE EMBARGO, BUT THAT IT HOPED FOR FURTHER US COOPERATION CONCERNING PETROLEUM.

2. THE QUAI HAS LEARNED FROM FRENCH PETROLEUM INDUSTRY CONTACTS WITH THE DRV THAT THE DRV WAS INTERESTED IN A MASSIVE PROGRAM WHICH WOULD INCLUDE NOT ONLY EXPLORATION AND PRODUCTION BUT ALSO THE CONSTRUCTION OF RE-  
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FINERY AND STORAGE FACILITIES IN THE EVENT OF COMMERCIAL

DISCOVERIES. THE DRV WISHED THE PROGRAM TO COVER BOTH NORTH AND SOUTH VIETNAM. THE DRV EXPECTED THE CONTRACTS TO PROVIDE FOR AN ADVANCE OF CAPITAL FOR ALL OF THE ABOVE WITH REPAYMENT CONSIDERABLY LATER IN THE FORM OF PETROLEUM PRODUCTS. THE FRENCH COMPANIES WERE TAKEN ABACK BY THE MAGNITUDE OF THE NORTH VIETNAMESE AMBITIONS AND THE INSouciance WITH WHICH THEY WERE DEMANDING SUCH FAVORABLE TERMS FOR INVESTMENT. QUAI OFFICER SAID CURRENT DRV EXPECTATION WAS UNREALISTIC. FRENCH WERE ALSO CONCERNED BY THE REQUIREMENT THAT EXPLORATION COVER NORTH AS WELL AS SOUTH VIETNAM, HOWEVER, IF GEOLOGICAL FORMATIONS IN THE OFFSHORE AREA OF THE RED RIVER DELTA WERE TO PROVE SIMILAR TO THOSE ONSHORE, THEN EXPLORATION COSTS WOULD BE LESS EXPENSIVE SINCE ONLY LAND TESTS WOULD BE REQUIRED.

3. QUAI OFFICER SPECULATED THAT THE DRV WAS AWARE OF THE MAGNITUDE OF THE CAPITAL INPUT REQUIRED FOR THIS PETROLEUM PROJECT AND THEREFORE MIGHT LOOK TO US AS SOURCE OF INVESTMENT FUNDS (OR EQUIPMENT). IT WAS ALSO POSSIBLE, HE THOUGHT, THAT THE DRV MIGHT CONSIDER THAT US AID "TO BIND UP THE WOUNDS OF WAR" COULD PROVIDE THE SOURCE OF CAPITAL WHICH WOULD NOT READILY BE FORTHCOMING UNDER THE TERMS WHICH THE DRV WAS CURRENTLY OFFERING FOR A "COMMERCIAL VENTURE". THE QUAI OFFICER ADDED FURTHER THAT THE GOF HAD NOTED A SLIGHT DECREASE IN DRV SHRILLNESS ON THE ARTICLE 21 THEME AND THOUGHT THIS MIGHT BE PART OF AN EFFORT TO ENCOURAGE MOVEMENT IN RELATIONS WITH THE US, PERHAPS OUT OF DESIRE FOR A US ROLE IN THE PETROLEUM FIELD. QUAI SOURCE AGAIN AGREED DRV'S HOPES CONCERNING A US ROLE WERE UNREALISTIC.

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